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# THE FARM INDEX

ECONOMIC RESEARCH SERVICE



U. S. DEPARTMENT OF AGRICULTURE



MARCH 1964



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*also in this issue*

WORLD AGRICULTURE  
BY REGIONS



ITEM	UNIT OR BASE PERIOD	'57-'59 AVERAGE	1963		1963-64		
			YEAR	JANUARY	NOVEMBER	DECEMBER	JANUARY
<b>Prices:</b>							
Prices received by farmers	1910-14=100	242	240	245	241	237	243
Crops	1910-14=100	223	238	230	241	241	243
Livestock and products	1910-14=100	258	244	257	242	234	242
Prices paid, interest, taxes and wage rates	1910-14=100	292	311	312	311	311	313
Family living items	1910-14=100	286	298	297	298	298	298
Production items	1910-14=100	262	273	274	271	271	273
Parity ratio		83	79	79	77	76	78
Wholesale prices, all commodities	1957-59=100	—	100.0	100.0	100.7	100.3	101.0
Commodities other than farm and food	1957-59=100	—	101.0	101.0	100.9	101.2	101.0
Farm products	1957-59=100	—	100.0	98.5	96.2	93.3	101.2
Food, processed	1957-59=100	—	101.0	100.8	102.5	100.4	101.8
Consumer price index, all items	1957-59=100	—	107.0	106.0	107.4	108.0	—
Food	1957-59=100	—	105.0	105.0	105.1	—	—
<b>Farm Food Market Basket:<sup>1</sup></b>							
Retail cost	Dollars	1,037	1,078	1,078	1,074	1,076	—
Farm value	Dollars	410	394	408	395	384	—
Farm-retail spread	Dollars	627	684	670	679	692	—
Farmers' share of retail cost	Per cent	40	37	38	37	36	—
<b>Farm Income:</b>							
Volume of farm marketings	1947-49=100	123	136	162	188	158	159
Cash receipts from farm marketings	Million dollars	32,247	36,248	3,425	4,100	3,409	3,370
Crops	Million dollars	13,766	16,706	1,709	2,390	1,912	1,680
Livestock and products	Million dollars	18,481	19,542	1,716	1,710	1,497	1,690
Realized gross income <sup>2</sup>	Billion dollars	—	41.1	—	—	41.4	—
Farm production expenses <sup>2</sup>	Billion dollars	—	28.8	—	—	29.1	—
Realized net income <sup>2</sup>	Billion dollars	—	12.2	—	—	12.3	—
<b>Agricultural Trade:</b>							
Agricultural exports	Million dollars	4,105	5,584 <sup>6</sup>	202	574	588	—
Agricultural imports	Million dollars	3,977	4,021 <sup>6</sup>	233	317	367	—
<b>Land Values:</b>							
Average value per acre	1957-59=100	—	—	121 <sup>3</sup>	128	—	—
Total value of farm real estate	Billion dollars	—	—	141.6 <sup>3</sup>	148.6	—	—
<b>Gross National Product<sup>2</sup></b>							
Consumption <sup>2</sup>	Billion dollars	456.7	585.0	—	—	600.1	—
Investment <sup>2</sup>	Billion dollars	297.3	373.2	—	—	379.9	—
Government expenditures <sup>2</sup>	Billion dollars	65.1	82.3	—	—	87.1	—
Net exports <sup>2</sup>	Billion dollars	92.4	125.1	—	—	127.7	—
1.8	4.4	—	—	—	—	5.4	—
<b>Income and Spending:</b>							
Personal income, annual rate	Billion dollars	—	463.0	454.0	472.6	475.2	478.7
Total retail sales <sup>4</sup>	Million dollars	—	20,586	20,387	20,588	21,091	21,001
Retail sales of food group <sup>4</sup>	Million dollars	—	5,912	4,924	4,984	5,017	4,970
<b>Employment and Wages<sup>4</sup></b>							
Total civilian employment	Millions	—	68.1	68.3	69.0	69.2	69.6
Agricultural	Millions	—	4.9	5.2	4.9	4.9	4.9
Rate of unemployment	Per cent	—	5.7	5.7	5.9	5.5	5.6
Workweek in manufacturing	Hours	—	40.4	40.4	40.5	40.5	40.4
Hourly earnings in manufacturing, unadjusted	Dollars	—	2.46	2.43	2.49	2.50	2.52
<b>Industrial Production<sup>4</sup></b>							
1957-59=100	—	124	119	127	127	127	127
<b>Manufacturers' Sales and Inventories<sup>5</sup></b>							
Total sales, monthly rate <sup>4</sup>	Million dollars	—	—	33,542	35,162	35,759	—
Total inventories	Million dollars	—	—	57,883	59,727	59,780	—
Total new orders, monthly rate	Million dollars	—	—	34,742	35,144	35,272	—

<sup>1</sup> Average annual quantities of farm food products based on purchases per wage-earner or clerical-worker family in 1952—estimated monthly.

<sup>2</sup> Annual rates seasonally adjusted fourth quarter. <sup>3</sup> As of November 1.

<sup>4</sup> Seasonally adjusted. <sup>5</sup> Revised Series. <sup>6</sup> Preliminary.

Sources: U.S. Department of Agriculture (Farm Income Situation, Market-

ing and Transportation Situation, Agricultural Prices, Foreign Agricultural Trade and Farm Real Estate Market Development); U.S. Department of Commerce (Industry Survey, Business News Reports, Advance Retail Sales Report and Survey of Current Business); and U.S. Department of Labor (The Labor Force and Wholesale Price Index).

Marketings of livestock and products during early 1964 have been above year-ago levels while prices have been down. The year started with record cattle and calf numbers. But, reduced numbers of cattle in feedlots at light weights and a smaller pig crop point to less beef and pork during the second quarter than a year earlier.

Early 1964 farm marketings of wheat and cotton were down from the year before. These more than offset larger marketings of corn, soybeans and tobacco which resulted in cash receipts from crops below year-earlier levels despite higher prices received by farmers for most crops.

Demand for U.S. farm products continues strong at home and abroad this year. Most general economic indicators in January and early February topped year-earlier readings. Early February retail sales ran 3 per cent ahead of 1963. Automobile inventories rose some during January and sales set a new high. Industrial output in January rose 7 per cent above January 1963 to 127 per cent of the 1957-59 average. Unemployment, however, continued to account for over 5.5 per cent of the labor force.

Most indicators of short-run changes in general business conditions point to a continued rise. The economy is expected to respond briskly to the tax cut.

**More cattle:** There were 106.5 million head of cattle and calves on farms January 1, 1964. This was the sixth consecutive gain in January cattle inventories . . . means more capacity to produce beef this year (steers were up 3 per cent) and in future (beef cows were up 6 per cent).

Slightly higher prices are in prospect for fed cattle this spring compared with last year. The number on feed April 1 probably will go slightly



below a year earlier . . . weights may also be down some. First quarter marketings from feedlots are up. Fat cattle in the second quarter may bring \$1 to \$2 more than the \$23 of a year earlier (Choice steers at Chicago).

**Fewer hogs and sheep:** The 5 per cent fewer hogs on farms January 1 than on farms a year ago brighten the prospects for producer prices. Reduced numbers also mean smaller supplies for slaughter in the next few months.

The sheep inventory January 1 was the smallest ever recorded by USDA—28.2 million head. With fewer stock ewes, the lamb crop will be down again this year and probably will be the smallest in more than a decade. This points to reduced lamb slaughter and some strengthening of prices for producers.

**Milk cow numbers decline:** The number of milk cows and heifers two years old and older on January 1 was down 3 per cent from 18.7 million a year earlier. This continues a down-trend that began in 1945. The current milk-feed price relationship suggests a further reduction during 1964.

January milk production was about the same as a year ago.

Prices farmers received for all wholesale milk went 10 cents above a year earlier in January to \$4.34 per hundredweight. The price of manufacturing grade milk, adjusted to standard milkfat content, was \$3.29 per hundredweight, 14 cents above support.

Civilian consumption of milk in all products during 1963 increased 1.4 billion pounds (milk equivalent) above the 116.4 billion the year before. Consumption of fluid milk products, cheese and ice cream increased. Butter and evaporated milk use declined. These trends are likely to continue this year.

# the agricultural outlook

**Bigger turkey crop?** Signs since November have pointed to a moderate expansion this year. One report released near the end of January showed growers intend to raise 4 per cent more turkeys this year than last. Another report the middle of February indicated that about 2 per cent fewer breeder hens were on farms at the beginning of 1964 compared with 1963. A breeder flock this large probably could still provide enough poult for the intended increase since more poult per breeder are likely. If the 4 per cent rise occurs, prices to growers this year could average below 1963's 22 cents per pound.

**Soviet Bloc wheat sales higher:** Soviet and satellite wheat sales continue to grow. By early February, about 75 million bushels had been sold and the USSR had contracted for an additional 63 million. Wheat prices in the U.S. continue well above the current year's \$1.82 per bushel loan rate.

**More cotton used; more to use:** Disappearance during the 1963-64 crop year is expected to be more than offset by 1963's large crop.

The cotton carryover on August 1 will likely total about 13.1 million bales, up 1.9 million from a year earlier. This would be the largest since the record 14.5 million in 1956. The 1963 crop was the biggest since the 16.8 million bales in 1953, a year when acreage allotments were not in effect. Harvested cotton acreage—all allotted—for the 1963 crop was the smallest on record except for 1957 and 1958 when the Acreage Reserve program was in effect, but yields were record high.

**Feed grain prices up:** Prices of feed grains and byproduct feeds have been a little higher this winter than in 1962-63. Feed grain prices averaged 6 per cent higher during October-January and high-protein feed prices were up 3 per cent. This reflects generally strong domestic and export demand and much smaller sales by CCC than in the past two years. But, due to the larger "free" supplies on hand this year, the November-July price rise is not expected to be as great as the 19 per cent rise in 1962-63.

Total feed grain supplies for 1963-64 are now

estimated at 220 million tons, nearly 5 million above 1962-63 but 11 million below the record supply in 1960-61. The 1963 crop totaled 156 million tons, 13 million more than in 1962 and slightly above the previous record in 1960. Carryover stocks at the close of the marketing year may be about the same or slightly above the 63 million tons in 1962-63.

**Fat and oil supplies at peak:** Supplies of food fats and oils during the 1963-64 marketing year are put at a record 16.9 billion pounds (in terms of oil). This is about 3 per cent above a year earlier. Use is also expected to rise to a new high with exports accounting for most of the increase. Carryover stocks next October probably will be about like last year's 2.5 billion pounds (including oil equivalent of soybeans, shortening, cooking and salad oils). Stocks of edible vegetable oils are likely to stay heavy.

**Plenty of apples, processed vegetables:** Supplies of fresh apples will be larger this spring than last due mainly to unusually large cold storage holdings in Washington state. Orange supplies also are expected to be up because of increased production of Valencias, especially in Florida. The larger Florida Valencia crop probably will result in heavier output of frozen concentrate compared with the reduced volume last spring.

Supplies of frozen vegetables are the same as a year ago; those of canned vegetables are moderately smaller. However, every processed vegetable is in ample to heavy supply. Potato supplies into mid-spring will be a little below a year earlier; prices may be slightly above the low level in spring 1963.

**Tobacco allotments reduced:** The 1964 acreage allotments for most flue-cured and burley tobacco farms have been cut 10 per cent from 1963. Total flue-cured supplies for 1963-64 are 4 per cent greater than in 1962-63. Total 1963-64 supplies of burley are about 9 per cent above 1962-63.

Similar allotment reductions have been made for Kentucky-Tennessee fire-cured and dark air-cured tobaccos. Acreage allotments of most other kinds of tobacco will be about the same in 1964 as a year ago.



Fewer dairymen, larger herds, higher production, increased cash receipts, slightly larger total consumption and continued but perhaps smaller government purchases—these are some of the possibilities for the dairy industry by 1968.

Dairy projections for five years from 1963 were prepared by economists in ERS. They are based on assumptions that current levels and methods of price support will continue, the economy will maintain its rate of growth and technological development of the dairy industry will remain at its present rate.

As the number of dairy farms and cows drops, the remaining herds will become larger and more specialized—more than half of all cows will be in herds of at least 30 head by 1968. Average annual production per cow likely will rise 180 to 200 pounds each year and reach a national figure of 8,500 pounds within five years. The projected increase in output per cow would result, as in the past, from improvements in breeding, care and feeding.

With cow numbers estimated at about 15 million in 1968, total milk production is expected to be around 126 billion pounds, com-

pared with 125 billion from 16.6 million head in 1963. Cash receipts from 121 billion pounds of milk sold off farms likely will be around \$5.1 billion at current support prices of \$3.14 per hundred-weight for manufacturing milk and 58 cents per pound for milkfat. The 1963 estimate is 118 billion pounds sold for \$4.9 billion in gross receipts.

On the demand side, the prospects are for a further decline in per capita consumption of dairy foods but a slight increase in total use due to a larger population. Anticipated higher per capita incomes will help to stem the drop in consumption of milk per person.

By mid-1968, population in the U.S. is expected to total 206 million, 9 per cent over the 1963 figure. Disposable income per capita should rise over the five-year period in line with the 16 per cent increase from 1958 to 1963. Total domestic use of dairy products will take about 124 billion pounds (milk equivalent, fat solids basis) of dairy farmers' output, an increase of 2.5 per cent over 1963's total consumption.

Changes in consumer preference may continue to reduce consumption of high-fat dairy pro-

ducts. As consumers watch their diets and their budgets, the use of butter and cream may decline. Vegetable fats are expected to continue to offer these products stiff price competition. At the same time, per capita demand for nonfat or low-fat dairy foods should be maintained as consumers buy more of such products as nonfat dry milk, low-fat fluid milk and frozen desserts with a low fat content.

As the result of trends in consumption, indications are that use of milk in all forms will drop about 40 pounds in milk equivalent from 1963 to 1968, placing per capita consumption around 600 pounds. According to the projections, use per person of fluid milk and cream should be down 18 pounds to about 292 pounds annually and consumption of manufactured dairy products may be down 20 pounds to 305 pounds within the next four years. However, the latter figure is on a fat solids basis. When use of manufactured dairy foods is placed on a nonfat solids basis, per capita consumption should rise from 242 pounds in 1963 to 248 pounds in 1968, reflecting the shift in consumer demand to more low-fat or nonfat foods. (1)

## Higher Production at Reduced Prices Is Part of Prospect for Poultrymen

Farmers can always count on one thing—more people. This single factor—growth in population—is expected to be the most important influence on demand for poultry and eggs during the next few years.

Since 1953, U.S. population has grown about 1.7 per cent annually. This rate likely will continue through the remainder of the sixties.

Another important part of the demand prospects for poultry and eggs is disposable personal income. Within five years, per capita disposable income is expected to be \$2,850, 11 per cent above 1963.

Finally, poultry is expected to capture an expanding share of the widening market for convenience foods.

Using these demand factors together with probable changes in the poultry industry's organization and technology, specialists have made some five-year projections. They are based on the assumption that current farm programs, including marketing orders, domestic distribution and Food for Peace, will be continued during the coming half-decade.

Under these conditions, broiler production would likely expand another 15 to 20 per cent from 1963 to 1968. This compares with a gain of 33 per cent in the previous five years. Turkey output probably would increase about 20 per cent by 1968—equal to the change from 1958 to 1963. Production of eggs would expand 2 to 4 per cent over the five-year period.

Improvements in egg production indicate more eggs will be "quality-controlled" at the farm within five years. More producers will grade and carton their product and sell directly to retail and institutional outlets.

Farm prices for poultry pro-

ducts in 1968 likely would be lower than in 1963—slightly for eggs and turkeys and moderately lower for broilers. The declines would be much smaller than those from 1958 to 1963. During that period, prices for eggs fell 11 per cent, those for broilers 21 per cent and those for turkeys 21 per cent. The combined costs of producing and marketing poultry and eggs will continue declining during the next five years as the result of further advances in technology and economies of scale. However, the rate of decline probably will be slower than in recent years. The turkey segment of the industry has the greatest potential for reducing costs and prices in the near future.

Thanks to population growth, increased total consumption of poultry and eggs will bring some gain in cash receipts despite the lower prices. Total cash receipts to farmers for all poultry products are projected to increase about 5 per cent by 1968, from the \$3.2 billion of last year.

Consumption of chicken and turkey per capita probably would increase about 5 and 10 per cent, respectively. Use of eggs per person is projected to decline 5 to 10 per cent in line with trends over the past several years. (2)

## Entries on 1963 Income Tax Returns Depend on Legal Status of Your Farm

It's income tax time again. And, if you incorporated your farm during 1963, there are some things you should know before filing your return.

If your farm operation qualified as a small business corporation under Subchapter S of the Internal Revenue Code, many of the disadvantages of corporate taxation disappear because your corporation pays no tax. Instead, shareholders report corporate earnings in their individual income tax returns. Included is any salary, interest or rent paid to or

for the individual. In addition, a prorated share of corporate long-term capital gains (but not capital losses), operating losses and any investment credit must be reported.

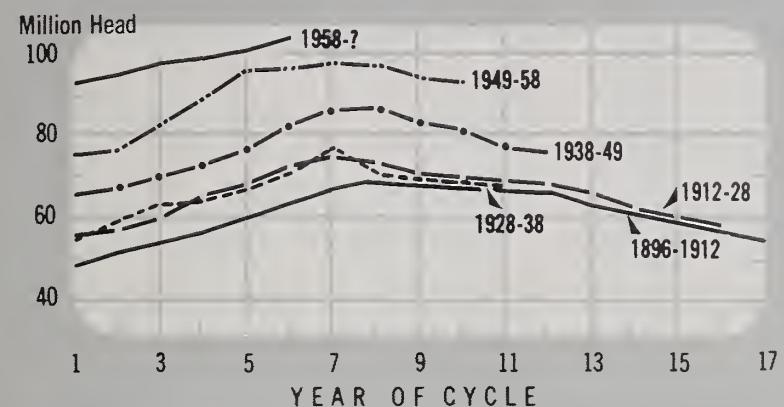
If your farm operation isn't a small business corporation, there are some exceptions to be followed in filing your return. For instance, in deducting expenses for depreciation, a farm corporation may be permitted less extra first-year 20 per cent depreciation than an individual farmer. A married farmer filing jointly or each partner and his wife can claim up to \$4,000 in deductions for this extra first-year depreciation. A farm corporation can claim a maximum of only \$2,000 each year.

Items like automobile expense and expenditures on the personal residence are normally deductible if the automobile and residence were conveyed to the corporation and the automobile or residence is used for business purposes. Occupants of the corporate-owned farm home must report a reasonable rental on their personal income tax return, and personal use of a corporation-owned automobile may be taxable income to the user.

If one of the shareholders has died during the year, there are some more differences for the farm corporation. Under present law, the federal estate tax on a deceased person's estate is based on a fair market value of the farm property on the date of death or an alternate valuation date one year later. After incorporation, estate taxes apply to the value of the corporate stock held by the deceased shareholder. Undistributed taxable income of a Subchapter S corporation is not included in the deceased shareholder's final income tax return. Instead, undistributed taxable income is taxed to whomever holds the stock on the last day of the corporation's tax year as an electing "new shareholder." (3)

# CATTLE CYCLES

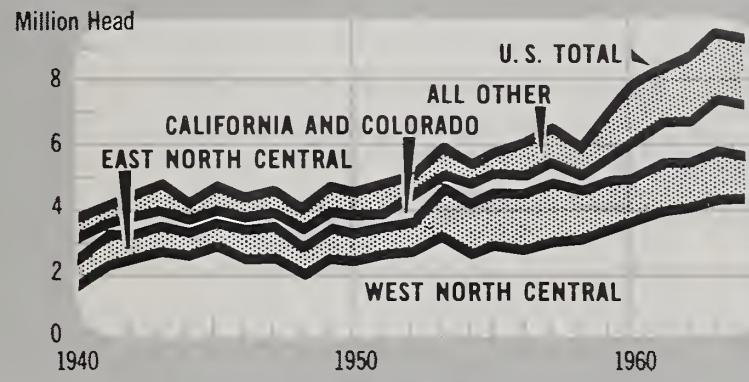
**Cattle on Farms.** Cycles in cattle production have lasted as long as 17 years. The most recent complete cycle took only 10 years. In the current period, the January 1 inventory of cattle and calves on farms increased from 91.2 million head in 1958 to a record 107 million this year.



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NEG. ERS 2660-64(1)

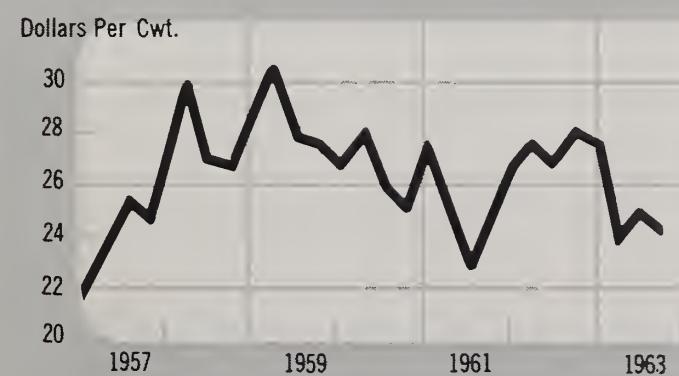
**Cattle on Feed.** The cattle feeding industry has been expanding rapidly in recent years with growth particularly strong in the western states. However, the number of cattle on feed January 1 this year was down 1 per cent from 1963. This was the first decline in the number on feed January 1 since 1958.



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NEG. ERS 2662-64(1)

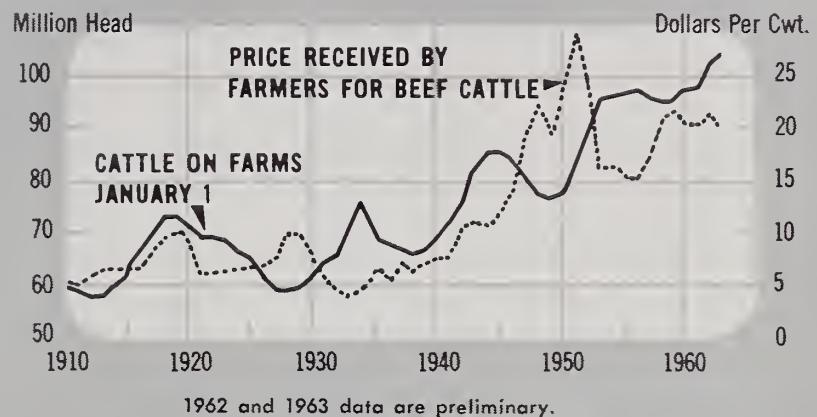
**Slaughter Steer Prices.** Fed cattle prices fell off early in 1963 and then remained below year-earlier rates throughout the rest of the year. Some price improvement from the October-December 1963 average is expected in the first half of this year, most of it after the bulk of the heavyweight cattle are marketed.



Monthly data. Choice grade, sold out of first hands at Chicago.  
U.S. DEPARTMENT OF AGRICULTURE

NEG. ERS 2664-64(1)

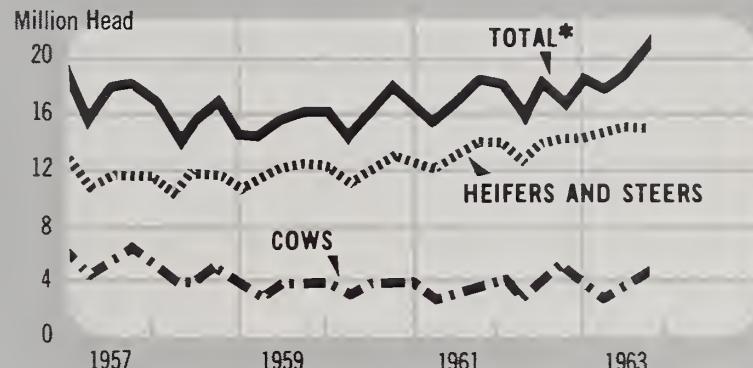
**Cattle Numbers and Prices.** Swings in prices accompany the cyclical movements of cattle inventories and marketings. The buildup in cattle numbers which began in 1958 has been more gradual and therefore prices received by farmers for beef cattle have fluctuated less during this cycle compared to earlier ones.



U.S. DEPARTMENT OF AGRICULTURE

NEG. ERS 2661-64(1)

**Cattle Slaughter.** Slaughter varies seasonally with the supply of beef. Cows were 19 per cent of federally inspected slaughter in the third quarter of 1963 and steers and heifers were 80 per cent. During the fourth quarter of 1963, cows increased to 22 per cent and steers and heifers took 77 per cent.



Monthly data. Slaughter under federal inspection. \*Includes bulls and stags.  
U.S. DEPARTMENT OF AGRICULTURE

NEG. ERS 2663-64(1)

**Feeder Steer Prices.** The price for feeder cattle in relation to the expected market price for slaughter animals determines the number going into feedlots for finishing. During October-December 1963, placements on feed were down 7 per cent compared with the same months a year earlier reflecting the low prices of fed cattle. (4)



Monthly data. Choice grade, 500-800 lbs. at Kansas City.  
U.S. DEPARTMENT OF AGRICULTURE

NEG. ERS 2665-64(1)

## Profit in Outdoor Recreation Venture Takes Plenty of Skill and Experience

Recreation may be a new vein of gold in the hills, but it takes plenty of know-how to make it pay off. True, the money is there, as a 1962 study in Missouri shows. One man in the state invested \$264,000 in a minnow pond and fished out a year's net return of \$17,600 for his family.

But like any other business, there is no guarantee of financial success in outdoor recreation. Some operators, though, were very successful in their undertaking.

Generally, they had specialized training, their enterprises were in a good location and they devoted their full time to the project. They also spent enough time making the recreation sites attractive to guests and they advertised.

The study, conducted by the University of Missouri in cooperation with ERS, surveyed 13 different types of recreation enterprises in 17 counties throughout the state. (5)

## Most Farm Guests Prefer Activities Which the Entire Family Can Enjoy

Many a farmer has doomed his recreation sideline to failure by neglecting to consider the nature of his customers.

A 1962 study made in Arkansas showed that, with the exception of hunting preserves, families comprised the largest groups of visitors. They made up 86 per cent of the customers for fishing lakes in the area, for example. For other activities, the percentages were: float-trips, 78 per cent; boating 68 per cent; camp grounds and dude ranches, about 56 per cent each.

The study also noted that the farmer seems to forget it is only the fairly young who will be attracted to such active pastimes as swimming and horseback riding,

while just about everyone is likely to enjoy picnicking, fishing, camping and the like.

The farmer who considers the interests of all ages is apt to attract more customers than the one who limits his recreation activity to a single pastime. (6)

## With People Living Longer Than Ever The Elderly Population Grows Steadily

Old folks are flocking to Florida and California to spend their sunset years in the sunshine states. Between 1950 and 1960, a net of about 256,000 persons 65 years old or older moved to Florida and some 170,000 to California. Texas, Arizona and Colorado, also high on the list of favorite states for oldtimers, gained some 73,000 senior citizens during the decade.

As might be expected, New York, because of its enormous population, had the largest number of persons 65 or over in 1960. California was second and Pennsylvania third. All three states had more than a million persons in this age bracket.

Because people are living longer than ever before, the number of the aged is steadily increasing. In 1923 for example, about 5 million people, or 5 per cent of the U.S. population, were 65 or over. By 1963, the number climbed to 18 million or 9.4 per cent.

Nearly 7 out of 10 of those 65 years old or older lived in cities in 1960, 2 out of 10 lived in rural-nonfarm areas and about 1 out of 10 on farms.

More elderly males than females lived on farms.

By regions, there were higher percentages of older people in rural areas of the Midwest and in the South than in the Northeast and West.

Of the total U.S. population 65 years old or over, 39 per cent live in New York, California, Florida, Texas, Pennsylvania and Illinois. (7)

## Almost All Rural High School Dropouts Face Bleak Job Opportunities in City

As farm youth continue their traditional migration to city jobs, they are meeting increasingly cold receptions. The city no longer needs masses of unskilled labor. Instead, industry needs young men and women with at least a high school education and specialized training. And educational levels of rural youth lag behind those of urban youth.

The rural youth finds that physical strength and informal training are no longer bulwarks of job security.

Despite today's emphasis on intellectual ability and formal training, interests of rural youth haven't kept pace. About 40 per cent of the nation's farm high school seniors do not plan to attend college. They have a different attitude toward education in general, too. For example, compared with city youth, rural students in Iowa showed less interest in mathematics, foreign languages, science, English and history. They were more interested in vocational training, auto driving lessons and home economics. Only one-third of all rural high school graduates in 1960 enrolled in college, compared with one-half of the urban graduates. If he does go to college, the country student is apt to be less prepared for the work. His college entrance exam score is considerably lower than that of the city graduate, and more rural than urban students arrive in college with academic deficiencies. But once in college, the rural student catches up and makes about the same grades as the urban student.

Although the farm boy may be at a disadvantage when he looks for a job in the city, he is worse off if he stays on the farm. Only 10 per cent of the boys now living on farms can expect to become farmers earning \$2,500 or more a year. (8)

*Surviving fruit and vegetable firms in Minneapolis-St. Paul turn from shipping to receiving*

## PORTRAIT OF A MARKET

A market can be described in several ways—in terms of the changes that have taken place in it, its importance to an area, the firms that are part of it, their sources of supply and demand or their margins and costs of operation.

Describing fruit and vegetable markets throughout the country has been a continuing project of ERS marketing economists. Their reports indicate the past, present and future of such markets. The most recent in the series contains information on the Minneapolis-St. Paul market.

As the major fruit and vegetable market in the upper Midwest, the Minneapolis-St. Paul market supplies produce throughout Minnesota and into parts of North Dakota, South Dakota, Michigan and Wisconsin as well as lower Canada.

The market in Minneapolis-St. Paul has changed from a major diversion and shipping point to a receiving market during the past 30 years. During this period, production of fruits, potatoes and other fresh vegetables in the surrounding area has decreased sharply. Roughly a third of the firms on the market have quit the business.

In 1958, when firms in the Minneapolis-St. Paul market were surveyed, 78 were in operation. This total included 45 wholesale handlers, 20 brokers and agencies and 13 retail organizations. The latter classification takes in corporate chains, voluntary groups and retailer cooperatives.

In total volume, the wholesale market received 18,900 carlots of fresh fruits and vegetables in 1958. In addition, 3,900 carlots sold by firms in the market bypassed Minneapolis-St. Paul.

Eighty-six per cent of the total produce supply to the market was purchased directly from shipping point or port of entry. Twelve per cent was bought from local growers, 2 per cent through brokers and agents in other markets and less than a half per cent from wholesale handlers in other markets.

In obtaining supplies of fruits and vegetables from shipping point, brokers or agents employed by firms bought 47 per cent, purchases by telephone or wire accounted for 29 per cent, about 13 per cent was bought by salaried employees and 8 per cent was consigned by growers and shippers.

The brokers and agencies sold 42 per cent of total market volume in 1958. Wholesale handlers sold 33 per cent and retail organizations 25 per cent. When asked how they went about setting a price, 25 of the 45 wholesale handlers said they sought a specific markup. The remaining 20 stated they "followed the market" or set prices according to supply and demand.

The Minneapolis-St. Paul market supplied over 2,000 retail grocery stores, specialty stores, restaurants, institutions and processors in the metropolitan area alone. About half of total sales went to buyers in the twin cities with the remainder distributed out of town.

Few firms in the Minneapolis-St. Paul market had changed their sources of supply during the past 10 years. However, many wholesalers reported shifts in the importance of their outlets. The most significant change was the decline in sales to independent grocery stores. Some reductions in purchases by retail organizations such as chains also occurred.

Marketing margins varied widely with the type of firm, depending chiefly on the number of services offered. Wholesale handlers who actually received the produce and made deliveries naturally had higher margins and costs than did brokers who performed none of these functions. Gross margins for the wholesale handlers were 14 per cent of sales compared with only 3.8 per cent for brokers and distributors.

As a group, the wholesale handlers fared best over the past decade. Nineteen said they increased their volume of business more than 10 per cent. Only eight reported a decline. In contrast, six of the brokers and agents reported gains in business while nine had declines. (9)

### Survey of Packing Shed Operations Shows Tomato Market Is Efficient

The lower Rio Grande Valley market for mature-green tomatoes appears reasonably efficient according to a study based on observations in nine packing sheds in 1962. Shipping-point margins (the difference between the average price paid to growers and the f.o.b. price of all tomatoes sold) reflected rather closely the changes in packing costs caused by shifts in quality of tomatoes.

Marketing specialists found that in a shed of average efficiency the cost of packing was increased by about 0.54 cent per pound when quality dropped from 60 per cent U.S. No. 1s to 40 per cent U.S. No. 1s.

With the change in quality, shippers increased their margins by 0.38 cent a pound, or within 0.16 cent of the increase in packing costs. Since prices paid growers commonly change by a quarter-cent per pound, this variation can reasonably be expected.

Quality affects packing costs because culls and low grade tomatoes slow the grading process and output per worker drops. (20)

ERS each year publishes a review of world agricultural production, with supply and demand prospects for the coming year. A summary of The 1964 World Agricultural Situation

appeared in the January issue. Five supplements report in more detail the agricultural situation by region and country. Condensations of these regional reports follow.

## GOALS GO UNMET AGAIN IN EAST EUROPE

"Certain farms did not even harvest their seed. Large areas of sown acreage simply had to be written off."

The Soviet official was writing about the failure of the 1963 grain crop in Kazakhstan.

With the grain crop a near disaster, total agricultural output in the Soviet Union suffered a serious setback in 1963. In fact, it fell below the level of 1958. This was the base year for the current Seven Year Plan (1959-65). Under the Plan, agricultural output was supposed to climb 8 per cent a year.

The rest of Eastern Europe had a mediocre crop year. Output per person was up slightly in Rumania and Yugoslavia, down slightly elsewhere. But the Soviets' poor showing caused the index of per capita production for the region as a whole to slip from 121, a level sustained the three previous years, to 115 (see table).

However, every country in Eastern Europe failed to meet its production goal for the year.

Poland had planned a 5.8 per

cent increase in agricultural output in 1963. Instead, combined crop and livestock production fell at least 5 per cent below 1962. All this has had a sobering effect on agricultural planners. Their goal for 1964, first set at a 4.1 per cent increase, has been pulled back to a more realistic 1.2 per cent.

Czechoslovakia's grain production showed some improvement. The wheat crop was 6 per cent above 1962; corn was up 30 per cent. But meat output was about 10 per cent below the year before as the government tried to build up herds depleted during the feed shortage and resulting forced slaughter in the winter of 1962-63.

In East Germany grain production fell 11 per cent, but meat output was up. In general, 1963 continued the partial recovery begun the year before from the crop failures that followed the total collectivization of agriculture in 1960.

The Soviet situation has created some unusual shifts in trade

patterns:

—Instead of exporting 5 to 6 million metric tons of wheat, as it did in 1959-62, the Kremlin is importing 10 to 15 million tons, mostly from Canada and the U. S. Part of this tonnage, however, will be re-exported to the satellites.

—Rumania has "lent" the USSR 400,000 tons of wheat, 10 per cent of its total production.

—Czechoslovakia signed up for 1.2 million metric tons of Canadian grain over the next five years. An industrial nation that used to import the grain it needed from Communist China, Czechoslovakia turned to the USSR when China could no longer meet its commitments. Now it has to look to the West.

—Hungary was set to import 800,000 tons of grain, about \$45 million worth, through early 1964. Half was to come from North America, half from Western Europe. This indicates little if any grain will come from the Soviet Union, Hungary's usual supplier. (10)

### OUTPUT PER PERSON BELOW PREWAR IN HALF OF EAST EUROPE

(1952/53 - 1954/55 = 100)<sup>1</sup>

Country	Prewar	1960/61	1961/62	1962/63	1963/64 <sup>2</sup>
USSR	104	121	122	121	116
Bulgaria	106	129	125	124	123
Czechoslovakia	124	116	120	119	115
East Germany	136	121	107	107	108
Hungary	118	114	117	118	113
Poland	107	113	123	115	107
Rumania	108	118	117	111	115
Yugoslavia	127	142	124	119	119

<sup>1</sup> FOR USSR 1953/54 - 1955/56 = 100.

<sup>2</sup> PRELIMINARY

# W. EUROPE SCORES AGAIN

It was a year of paradox in Western Europe.

The winter of 1962/63 was one of the most severe in memory. Fall-seeded crops were particularly hard hit by the long deep-freeze. Wheat output was down everywhere except West Germany. What was harvested was of generally poor quality, much of it good only for animal feed.

Despite such setbacks, Western Europe in 1963 was able to match 1962 farm production—and 1962 set an alltime record high.

When cold killed wheat, farmers planted feed grains. As a result, output was 4.6 million metric tons above 1962. Output of beef and veal, poultry and eggs was above last year. So too was production of potatoes, sugar beets, deciduous and citrus fruits and tobacco.

Showing substantial production gains were Austria, Finland, France, West Germany, Greece and Spain. Belgium upped output slightly. Norway and the United Kingdom registered no change. Production fell off in Denmark, Ireland, Italy, the Netherlands, Portugal, Sweden and Switzerland. But these declines weren't large enough to change the favorable picture for Western Europe as a whole.

The six members of the European Economic Community encountered many problems in 1963 in integrating their farm production and trade.

One problem concerned marketing and trade regulations for milk and dairy products, beef and veal and rice. Another involved the Community's mixed feelings about adopting a liberal or restrictive policy toward agricultural imports from nonmembers. As the year closed, however, tentative agreements had been reached on both problems.

The price structure of member

countries affects the EEC's negotiating posture and competitive position. In 1963 France, the Community's largest agricultural producer, launched programs to stabilize prices. Italy still has problems with inflation, but prices are leveling off in West Germany.

EEC action—or inaction—affected the economies of other countries.

—Austria found private investment capital hard to come by pending EEC's decision on its application for membership.

—Ireland planned its economic expansion program for 1964-70 on the assumption that it would be an EEC member by 1970.

—Norway, which used to ship almost half its exports of butter and cheese to West Germany and

Italy, was slowly being ruled out of these markets by EEC trade regulations and was finding no suitable alternative outlets.

—Greece, in its first year as an associate member, had no significant increase in its trade with the EEC.

Turning to trade prospects, it looks like Western Europe will take more U.S. wheat this year than last, but less feed grains. This reflects the shift in grain stocks caused by the winter freeze. The decline in U.S. feed grain shipments will be a decline from a pinnacle—exports to Western Europe hit a new peak in 1962/63 at 10 million metric tons.

Our soybean exports should hold the high level of recent years. But citrus and deciduous fruits will drop because of increased output in Western Europe and our own reduced supplies. (12)

# CANADA LEADS HEMISPHERE

Canadian agriculture, paced by a record wheat harvest, had a whopping good year in 1963, both in total output and in output per capita. The index of total production was 132, compared with 121 in 1962, and 97 in 1961 (1952-1954 = 100). The per capita indexes for these years were 104, 97 and 79.

By both measures U.S. output increased too, but less spectacularly. The index of total production in 1963 was 121, up from 117 in 1962 and 115 in 1961. The per capita index stood at 102 after holding steady at 100 the previous two years.

Fourteen of the 20 Latin American republics are expected to increase total farm output in 1963/64; nine of these will step up per capita output a bit as well. Mexico and Honduras, keeping just about even with population growth, will show no per capita gain. Three of the 14—Costa

Rica, the Dominican Republic and Venezuela—will probably lose the race with population; output per capita is expected to fall below last year.

The six remaining republics are expected to lose ground in 1963/64 on both counts—total output and output per capita. These are Brazil, Chile, Columbia, Cuba, Haiti and Paraguay.

Right now these are all forecasts for Latin America. Below the equator the growing season runs six months or so behind North America and harvesting is still in progress.

The figures tell a dramatic story in Cuba. Back in 1960/61, the first full agricultural production year under the Castro regime, the index of total output was 133. The next year it was down to 101, the next year 84. The forecast for 1963/64 is 77. The expected sugar harvest, 3.5 million metric tons, will be only

half what it was in 1960/61. Output of coffee, tobacco, peanuts and cocoa—all important export crops—will undoubtedly drop again this year too, partly because of last October's devastating hurricane, partly because of problems that continue to plague Cuba's state-controlled agriculture.

Haiti, hit by the same hurricane, is the only other Latin American nation to suffer a serious production decline. The total production index is forecast at 94 for 1963/64, compared with 105 the previous year and 108 the year before.

Turning to the commodity situation, the outlook for the Western Hemisphere as a whole is for increases in output of wheat, coarse grains, pulses, root crops, fruits and vegetables, edible oil seeds, cotton, sugar, cocoa beans and meat. Somewhat lower production is expected for milk and wool. Little change is seen for rice, coffee and tobacco.

The world's biggest *importer* of sugar, the U.S. in 1963 also became the Hemisphere's largest sugar *producer*. With acreage restrictions removed and yields up, we produced 25 per cent more sugar last year than in 1962.

With every harvest it becomes clearer that the Western Hemisphere is to be the world's granary in the years ahead, led by Canada and the U.S., Argentina and Mexico.

The 1963 wheat crops in Canada and Mexico set new records. U.S. output was 4 per cent above 1962; Argentina's was up 21 per cent. These bountiful harvests, coupled with grain failures in other parts of the world, mean that the Hemisphere which usually provides 70 per cent of world wheat exports will ship 75 per cent in 1963/64.

The coarse grains picture is much the same. World demand is growing, but so is Hemisphere production, from which 70 per cent of world import needs are met. (13)

## MIDDLE EAST PULLS AHEAD

Africa and the Middle East had another relatively good year in 1963/64 in terms of total agricultural output. Africa's output is estimated to be 2 per cent above 1962/63. Middle East production is up 5 per cent.

But whereas both regions managed to raise output per person in 1962/63, only the Middle East repeated the feat this year.

Hampered by fast growing populations, four of the seven countries surveyed in North Africa, and 12 of the 22 countries in South Africa showed a decline in per capita output.

Actually, rapid population growth has prevented Africa as a whole from improving the level of per capita production it enjoyed just prior to World War II.

Compared with last year, the agricultural situation in North Africa is most favorable in Tunisia, Libya and Egypt. Little change is forecast over last year's harvest in the Sudan, Ethiopia, and Morocco. But Algeria's output is expected to be 5 per cent below 1962/63. As in past years, the biggest gap between population growth and farm output is in Algeria and Morocco.

Although crops are not yet all harvested in Africa south of the Sahara, the greatest production increases per capita are expected in the former Federation of Rhodesia and Nyasaland, dissolved last December 31, and in Senegal.

The only other countries where per capita increases are expected—and slight ones at that—are Cameroon, Tanganyika and Uganda. Because of the late harvest season, no forecast is made for the Republic of South Africa.

Of great future importance to 18 African nations is the agreement signed in 1963 to make them permanent *associate members* of the European Economic Community. All are former territories of France, Belgium or Italy, three of the EEC's six *full* members.

The agreement clears the way for African associates to get:

—Massive economic and technical assistance from the European Community.

—Duty-free entry for their farm exports into EEC countries, a provision that gives the associates a decided advantage over other African countries in EEC markets.

U. S. exports of farm products to Africa should increase again this year. Because North Africa was able to step up production of grains other than wheat, its total grain imports will probably decline in 1964. But net bread-grain imports shouldn't fall much below the level of 1961, the last year for which complete trade figures are available. That year North Africa imported 2.6 million metric tons of wheat and wheat flour.

Only small increases in farm imports are predicted for southern Africa throughout the 1960s. The region is largely self-sufficient in all foods except wheat and rice.

Nevertheless, U. S. trade in farm products with southern Africa in 1963/64 will likely be above the record high level of 1962/63.

Turning to the agricultural situation in the Middle East, we find that total production increased in 1963, despite acute weather problems. Jordan, for instance, suffered the most severe drought of the century.

A good year in Turkey, which produces half of the Middle East's food, and in Iran, which produces one-fifth, more than offset the production declines in smaller countries. (14)

# OUTPUT FALLS IN FAR EAST

The Far East, excluding communist Asia, had 21 million more people to feed and clothe in 1963 than the year before.

Yet agriculture in the Far East made almost no progress in raising production last year. As a result, output of food and fiber per person dropped for the second year in a row.

This reverses the encouraging trend in the 1950s when for several years farm production inched ahead of population growth.

Heavy rains in Japan inflicted the worst damage in 30 years to summer-harvested grains. The wheat and barley crops were less than half the size of the 1962 crops. Nearly half the rapeseed crop was lost, while vegetables rotted in the fields. Losses to farmers were estimated at \$270 million.

Because of these losses Japan's total agricultural production declined for the first time since 1956. Only a bumper rice harvest, plus gains in a few less important commodities, enabled Tokyo to avert a serious food situation.

The Philippines had a mixed year. The leading export crops—copra, sugar and abaca—showed real gains. But production of rice, a mainstay of the Filipino diet, was off. To meet demand rice had

to be imported—this, at a time when the government is trying to save scarce foreign exchange to buy industrial equipment.

Political shifts affected agriculture and trade in much of Asia. Indonesia added to its economic burdens by banning trade with new-born Malaysia. Singapore, now part of Malaysia, has long served as middleman for Indonesia's agricultural exports in world markets, grading and processing rubber to meet international standards, handling and shipping copra, sago flour, tobacco, peanuts, tea and other export commodities.

Indonesia plans now to ship through the Philippines. Meantime, growers and shippers in Sumatra, Sulawesi and other outlying areas complain that sales are withering away. Malaysia has been hurt, too, by the loss of the huge Indonesian trade moving through Singapore.

Internal strife in South Vietnam continues to disrupt rural life and farm production. While population increased some 3 per cent in 1963, farm output per capita was 7 per cent below the more normal year of 1959. Many farmers have deserted their fields for the relative safety of the city, adding to the unemployment problem. Increasingly, how-

ever, the government is bringing the rural population together in fortified villages to protect them against insurgents and encourage them to stay in agriculture.

Farm output in Red China hasn't kept up with population growth since 1958, and the scanty information reaching the outside world indicates little if any gain in 1963. The rice crop is apparently the smallest since 1958 because of the severe drought in South China.

Peiping is importing grain again this year from free world sources. In fact, since the USSR withdrew its technicians in 1960 and stopped supplying vitally needed industrial equipment, China has reoriented its trade toward the West.

India has urged its state governments to defer long-term programs to improve agriculture and use the money instead for short-term projects. New Delhi has also strengthened the price support program for wheat, rice, sugarcane, cotton and jute in the hope that this will spur farmers to greater output. Both actions came in the wake of two static years for agriculture.

India has been promised \$1.1 billion in 1963/64 by a consortium of governments, including the United States, and such international groups as the World Bank set up to assist in the economic development of India and Pakistan. (15)

## News Pickups

**SOVIET UNION.** Last year's crop failure triggered a mass slaughtering of hogs. Pig numbers on collective and state farms were reduced almost 50 per cent, dropping from 53.8 million in January 1963 to 27.6 million in January 1964. This wiped out in one year the steady increase in pigs since 1957.

Most of the slaughter was in the collectivized sector where the major increases in pigs had

taken place. Pigs belonging to private owners dropped only 3 million. The decline in pig numbers shows that not only was the 1963 feed crop sharply reduced but that for a number of years pig production has risen despite a worsening feed situation. Last year's crop failure only forced an inevitable reduction in hog numbers.

Cattle numbers also dropped 1.5 million because of the 1963 feed shortage. Declines in milk, butter and eggs were reported, too. (16)

## Supplies and Prices of Citrus Items Make Chilled Citrus More Competitive

Nothing perks up a breakfast like starting off with a fruit cup of chilled citrus salad, grapefruit or orange sections or a glass of chilled juice. Apparently quite a few people feel that way, because total output of chilled citrus products in Florida has been up substantially this year compared to last season.

A good part of the gain in popularity for chilled (refrigerated) citrus items is due to the general situation for citrus fruit. Carry-over stocks of canned and frozen citrus juices last fall were down from a year earlier and prices of these items are higher. Prices for the chilled products generally match those for canned, frozen and fresh items.

The current season's production of chilled citrus salad, grapefruit and orange sections and juice started last September. By early February, the pack of citrus salad was up 73 per cent from the same period in 1962-63. Output of grapefruit sections was more than double, while the pack of orange sections had gained 8 per cent from a year earlier. Output of chilled grapefruit juice was 31 per cent larger. Production of chilled orange juice fell a third. (17)

## Smaller, Freeze-Hurt Vegetable Crop Means Higher Prices, Mexican Imports

If you were an observant shopper, you may have noticed that fresh vegetables cost more this winter. And while you couldn't tell from looks or taste, a greater number were from Mexico.

Production of fresh vegetables in the U.S. was smaller this winter compared to last. Farmers planted fewer acres, the weather was unfavorable and frosts especially took their toll in January. As a result, most items were

in short supply, particularly snap beans, cucumbers, lettuce, tomatoes and sweet corn. Naturally, prices went up too.

The more hardy vegetables—cabbage, celery and carrots—were not so hard hit by cold weather. But production of most of these vegetables was smaller this year than in 1963.

Although Mexican farmers had their difficulties with weather too, vegetable crops south of the border have come along. Cantaloups and cucumbers are doing particularly well. Supplies of tomatoes, onions and peppers are about the same as in 1963.

Total supplies of fresh vegetables in Mexico appear to be near 1963 levels. As long as our winter crops are short, shipments from Mexico are likely to fill the gap. (11)

## We'll Likely Eat Same Amount in '68 But Kinds of Food in Diet Will Shift

When it comes to planning menus, the economists are way out in front. They're already making estimates of what we'll eat in 1968.

Let's take meat first. In 1968, we're likely to eat 106 pounds of beef and veal per person. During 1963, we ate 100 pounds. To make room for more beef we probably will eat less pork.

Chicken and turkey should be on the menu even oftener in 1968. Use per person is projected at 40 pounds compared with the 38 pounds we ate last year. However, we'll eat fewer eggs than we did in 1963.

Smaller quantities of dairy products will be used per person in 1968. The decline applies particularly to butter. We may, however, be eating a little more cheese and ice cream.

Per capita total use of fats and oils is expected to remain nearly the same with margarine about making up for the decline in butter consumption.

The amounts of fruits and vegetables we use are expected to be near 1963 levels in 1968 but more of them likely will be frozen and canned instead of fresh.

Our use of bread and cereals likely will be slightly lower in 1968 than last year. (18)

## Processed Vegetables Reap the Votes With Convenience, Dependable Quality

Out of the freezer into the pan. Off the shelf, once around with the can opener and into the stew.

The sheer convenience, plus the consistent quality, of frozen and canned vegetables puts them on a par with their fresh counterparts with America's homemakers. And we'll be using even more of them in the years ahead.

In 1963 we ate 11 per cent fewer fresh vegetables per person than we did in 1950. But use of processed items went up by a fourth from 84 pounds per person to 105 pounds. Frozen vegetables got just over half of the increase, canned vegetables the rest.

Today each person in the United States eats, on the average, more than 18 pounds of frozen vegetables (fresh equivalent) compared with less than 8 pounds in 1950. Canned vegetable use has climbed from 77 pounds per person to 87 pounds.

Still, about half the vegetables we buy each year are fresh. Demand for such salad ingredients as lettuce, celery and cucumbers hasn't dropped at all, simply because these items don't freeze or can satisfactorily.

Looking ahead to 1968, ERS economists see little change in the amount of vegetables we eat per person. But population is expected to jump to 206 million and this means total consumption of vegetables and melons will climb by 3.8 million pounds. Canned and frozen vegetables will get a larger share of the gain. (19)

The following publications are issued by the Economic Research Service and cooperatively by the state universities and colleges. Unless otherwise noted, reports listed here and under Sources are published by ERS. Single copies are available free from the Division of Information, OMS, U.S. Department of Agriculture, Washington, D.C. 20250. State publications (descriptions below include name of experiment station or university after title) may be obtained from the issuing agencies of the respective states.

**SELECTED WRITINGS ON FREEZE-DRYING OF FOODS.** Kermit Bird, Marketing Economics Division. ERS-147.

This report is a collection of speeches, articles, and informal papers by the author on freeze-drying. Discussed are such aspects of the industry as: advantages and disadvantages of the process, what foods are best suited to freeze-drying, cost studies of the process, and how freeze-drying may affect other food industries.

**FREEZE-DRYING OF FOODS: COST PROJECTIONS.** Kermit Bird, Marketing Economics Division. MRR-639.

Major cost factors in freeze-dry processing as analyzed in this report are size of plant, duration of the drying cycle, and continuity of operation. The kinds of food dried, wage rates,

## recent publications



and utility costs are also significant. Economies of size are found to be important in the freeze-drying industry; lowest processing costs are attainable in large volume operations. (See December 1963 Farm INDEX.)

**ADAPTING TAX SYSTEMS TO GREAT PLAINS CONDITIONS.** Montana Agricultural Experiment Station and Montana State College. Great Plains Agricultural Council Publication 20.

The seven northern Plains states are among the 17 states that obtain more state and local revenue from property taxes than from all other tax sources combined. Since a property tax constitutes a fixed cost to farmers and ranchers, it increases the instability of their net incomes. Greater reliance on taxes that constitute variable costs to taxpayers, such as sales taxes and income taxes, promotes stability

of the farmers' net incomes.

**THE 1964 WORLD AGRICULTURAL SITUATION.** Economic Research Service. Foreign Agricultural Service. FAER-14.

This analysis of the 1963-64 world situation in terms of production, supply and trade, and price trends indicates a rise in world agricultural production in the coming year slightly above the level hit in 1963. Associated with this are a record movement of farm products in world trade and a slight rise in world prices. (See January 1964 Farm INDEX.)

**SUMMARY AND EVALUATION OF "AUSTRIA: PROJECTED LEVEL OF SUPPLY, DEMAND, AND TRADE OF AGRICULTURAL PRODUCTS IN 1965 AND 1975."** Alexander Bernitz, Economic Research Service. ERS-Foreign 56.

The apparent trend of the fifties toward increasing self-sufficiency in food in Austria is expected to continue during the projection period of 1965-75; however, Austria will still have to rely on imports for feedstuffs, cotton, and tobacco. The United States is expected to continue as a major supplier of feedstuffs for the Austrian market. (See October 1963 Farm INDEX.)

**RISING DEPRECIATION OF ASSETS IN AGRICULTURAL MARKETING FIRMS—SOME CAUSES AND IMPLICATIONS.** Stephen J. Hiemstra, Marketing Economics Division. AER-47.

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Depreciation charges of firms that process and market agricultural products have increased steadily in postwar years and probably will continue to rise. According to the report, principal reasons behind the rising depreciation of assets in relation to total receipts are a greater increase in the total costs of depreciable assets than in total receipts and an increase in the rate of writing off these assets.

INCIDENCE OF DROUGHT CONDITIONS IN SOUTHEASTERN MISSOURI. Stevens Stauber, Farm Production Economics Division, Wayne L. Decker and Frank Miller, University of Missouri. Missouri Agricultural Experiment Station Research Bulletin 836.

By defining drought-days as 24-hour periods during which soil moisture drops below a minimum level necessary for optimum plant growth, this report comes up with a new approach to the study of weather-related problems encountered in agricultural production. (See January 1964 Farm INDEX.)

USSR FARM PRODUCTION IN 1963. Regional Analysis Division. ERS-Foreign-70.

A dry fall, a severe winter are the immediate causes, according to this bulletin, for the sharp drop in agricultural output during 1963 for the Soviet Union.

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